



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	05/23/08	Bill No:	AB 2866
Tax:	Integrated Waste Management	Author:	De Leon
Related Bills:	AB 712 (De Leon) AB 2640 (Huffman)		

This analysis will only address the bill's provisions which impact the State Board of Equalization (Board).

Bill SUMMARY

This bill would establish a fixed Integrated Waste Management (IWM) fee amount equal to \$2.00 per ton.

Summary of Amendments

Since the previous analysis, this bill was amended to require the sixty cent (\$0.60) increase in the IWM fee to be deposited in the existing IWM Account.

CURRENT LAW

Under current law, Section 48000 of the Public Resources Code imposes an IWM fee on each operator of a disposal facility based on the amount, by weight or volumetric equivalent, as determined by the California Integrated Waste Management Board (CIWMB), of all solid waste disposed of at each disposal site. The amount of the fee is established by the CIWMB at an amount that is sufficient to generate revenues equivalent to the approved budget for that fiscal year, including a prudent reserve, but shall not exceed \$1.40 per ton. The fee is currently set at \$1.40 per ton of solid waste disposed.

The IWM fee is collected by the Board and, after payment of refunds and administrative costs of collection, deposited in the Integrated Waste Management Account within the Fund. The money in the account is used by the CIWMB, upon appropriation by the Legislature, for the following purposes:

- The administration and implementation of the *California Integrated Waste Management Act of 1989*, and
- The state water board's and regional water board's administration and implementation of the *Porter-Cologne Water Quality Control Act* at solid waste disposal sites.

PROPOSED LAW

Among other things, this bill would amend Section 48000 of the Public Resources Code to establish, on and after July 1, 2009, a fixed IWM fee at an amount equal to \$2.00 per ton. As under current law, the additional revenue collected as a result of this bill would be remitted to the Board for deposit in the IWM Account.

An amount of sixty cents (\$0.60) of the IWM fee imposed would be available to the CIWMB for expenditure in accordance with a specified schedule, as described in the bill.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position

This bill would become effective January 1, 2009, but the IWM fee increase and amounts available to the CIWMB for expenditure as a result of the increase, would become operative on and after July 1, 2009.

BACKGROUND

Assembly Bill 939 (Chapter 1095, Statutes of 1989) enacted *the California Integrated Solid Waste Management Act of 1989*. Among other things, AB 939 added Section 48000 to the Public Resources Code to require each operator of a solid waste landfill to pay a quarterly fee, in addition to the solid waste fee, to the Board based on all solid waste disposed of at each disposal site on or after January 1, 1990. The fee was initially set at \$0.50 per ton of waste disposed of during the period of January 1, 1990, through June 30, 1990. The fee for waste disposed of during the period of July 1, 1990, through June 30, 1991, was to be set by the CIWMB at an amount sufficient to generate revenues equivalent to the approved budget for the 1990-91 fiscal year, including a prudent reserve, but not to exceed \$0.75 per ton.

In 1993, AB 1220 (Chapter 656) consolidated the solid waste fee and the IWM fee into a single IWM fee. The IWM fee was set at \$1.34 per ton for the 1994-95 fiscal year. That bill also provided that commencing with the 1995-96 fiscal year the amount of the fee established by the CIWMB be an amount sufficient to generate adequate revenues, as specified, but in an amount not to exceed \$1.40 per ton.

In 2007, Assembly Member Nunez introduced AB 1610 which contained provisions to increase the statutory cap to \$2.00 per ton. The provisions to increase the statutory cap of the IWM fee were removed from the June 6, 2007, version of the bill.

IN GENERAL

Effective July 1, 1994, the IWM fee was set at \$1.34, pursuant to AB 1220. The CIWMB approved an increase in the fee at their June 2001, Board Meeting to \$1.40 per ton, the maximum allowed by statute, effective July 1, 2002.

COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the author and is intended to provide incentives to encourage local jurisdictions and solid waste landfill operators to participate in greenhouse gas reduction efforts, which will assist in the state in meeting established clean air standards.
2. **Summary of amendments.** The **May 23, 2008, amendments** require the sixty cent (\$0.60) increase in the IWM fee to be deposited in the existing IWM Account, along with the current IWM fee, rather than in the Solid Waste Mitigation Account, which would have been created by this bill. The **April 23, 2008, amendments** prohibited the expenditure of fee revenues deposited in the Solid Waste Mitigation Account on projects that utilize thermal technologies, as provided. This amendment does not impact the Board. The **April 8, 2008, amendments** (1) deleted the requirement for the CIWMB to establish the amount of the IWM fee, not to exceed \$2.00 per ton, (2) established, on and after July 1, 2009, a fixed IWM fee amount equal to \$2.00 per ton, and (3) required sixty cents of that fee imposed after that date to be deposited in the newly created Solid Waste Mitigation Account. The **March 24, 2008, amendments** required an amount of sixty cents of the IWM fee be deposited in the Solid Waste Mitigation Account, which this bill would create. As introduced, this bill proposed to increase the statutory cap on the IWM fee from \$1.40 to \$2.00 per ton.

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3. **This bill would increase revenues deposited into the Integrated Waste Management Account.** Current law provides under Section 48001 that revenue from the IWM fees shall, after payment of refunds and administrative costs of collection, be deposited in the Integrated Waste Management Account. Accordingly, any additional revenue generated due to the sixty cent (\$0.60) increase in the fee would be deposited in the Integrated Waste Management Account.
4. **Board staff does not foresee any administrative problems with this bill.** Increasing the rate of the IWM fee would not be problematic for the Board.
5. **Related bills.** AB 712 (De Leon) would impose, on and after April 1, 2009, a fifty-cent (\$0.50) per ton fee upon a person disposing of solid waste at a disposal facility to be paid to the Board in a manner consistent with the IWM Fee Law. The revenues would be used to assist an operator of an off-road solid waste, composting, and recycling vehicle in complying with regulations to reduce diesel particulate matter (PM) and criteria air pollutant emissions from in-use off-road vehicles. That bill is currently held under submission in the Senate Appropriations Committee.

AB 2640 (Huffman) would exclude from the imposition of the IWM fee all green material, as defined, used for beneficial reuse. Instead, all green material used for alternative daily cover would be subject to a one dollar and forty cents (\$1.40) per ton fee with revenues from the fees deposited in the Integrated Waste Management Account in the Fund. It should be noted that double joining language may be necessary since AB 2866 and AB 2640 both amend Section 48000 of the Public Resources Code.

COST ESTIMATE

The Board would incur administrative costs for informing the fee payers, reprogramming IRIS, revising returns and publications, and answering inquiries from the public. A cost estimate of this workload is pending; however, it is estimated that these costs would be insignificant (under \$10,000).

REVENUE ESTIMATE

BACKGROUND, METHODOLOGY, AND ASSUMPTIONS

This bill would, on and after July 1, 2009, increase the IWM fee to \$2.00 per ton. The Board's Environmental Fees section indicated that solid waste disposal in fiscal year 2006-07 was 40.5 million tons.

- With the current fee of \$1.40 per ton, estimated revenue amounts to \$56.7 million ($\$1.40 \times 40.5 \text{ million tons} = \56.7 million)
- With the proposed fee of \$2.00 per ton, estimated revenue amounts to \$81 million ($\$2 \times 40.5 \text{ million tons} = \81 million)

The proposed fee increase would result in a revenue increase of \$24.3 million ($\$81 \text{ million} - \$56.7 \text{ million} = \24.3 million).

REVENUE SUMMARY

It is estimated this bill would result in an annual revenue increase of \$24.3 million, which would be deposited in the existing IWM Account.

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